



## COUNCILMEMBER CARL DEMaIO

FIFTH DISTRICT  
CITY OF SAN DIEGO

### MEMORANDUM

DATE: September 15, 2010

TO: Andrea Tevlin, Independent Budget Analyst

FROM: Councilmember Carl DeMaio *Carl DeMaio*

RE: Available Savings from Various Reform Levels for Retiree Health Care

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The Joint Study on Retiree Health Care has been completed and heard by the City Council. This study included an actuarial analysis of various reform options conducted by Buck Consultants.

One of the reform options studied by Buck in their March 8, 2010 "Fund ARC" analysis is a "freeze [of] the benefit at a maximum annual value from \$0 to \$8,000 (in \$1,000 increments), instead of the current \$8,800 (Options 4 through 12 in descending benefit order).<sup>1</sup>

The modeling of Option 12 shows the impact of freezing the benefit at a maximum annual value of \$0 for "those who retire on or after July 1, 2011, and are eligible for the current Retiree Health Benefit Program."<sup>2</sup>

**Requested Action (IBA):** For the Fiscal Years 2012 – 2015, please provide the City Council with the annual savings (both citywide and General Fund) projected to be achieved from the current budgeted retiree health care payment (PAYGO plus pre-fund), and the ARC payment projected by Buck Consultants under Option 12.

cc: Mayor and City Councilmembers

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<sup>1</sup> Buck Consultants. "City of San Diego Retiree Health Analysis for the Joint Retiree Medical Committee 7.75% Discount Rate Results." March 8, 2010, page 3.

<sup>2</sup> Ibid.

